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Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

EA-11 FRB-02 INR-10 IO-14 NEA-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 L-03 STR-08 SS-20 NSC-07 DRC-01 /173 W
---------- 082456
R 251945Z MAR 74
FM USMISSION OECD PARIS
TO SECSTATE WASHDC 2190

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E.O. 11652: N/A
TAGS: EFIN, OECD
SUBJECT: PAYMENTS COMMITTEE MEETING MARCH 22, 1974

REF: (A) PC/M(74)1
(B) C(74) 10
(C) C (74) 39
(D) C(74) 31
(E) C(74) 37
(F) C (74) 3
(G) C(74) 56
(H) C (74) 18
(I) STATE 56531

1. SUMMARY. PAYMENTS COMMITTEE (PC) APPROVED AGENDA ITEMS ON FRENCH RESERVATIONS, INSURANCE LIBERALIZATION, INSURANCE SUPERVISORY COOPERATION AND NETHERLANDS PAYMENTS CHANNELS. FINAL CONSIDERATION OF OTHER TWO ITEMS (FRENCH DEROGATION AND FIMLMS EXAMINATION) WILL BE REVIEWED AT NEXT PC MEETING AFTER APPROPRIATE CHANGES IN DOCUMENTATION. ACTION REQUESTED: MISSION WILL ACCEPT ALL SIX ITEMS WHEN THEY ARE CONSIDERED BY COUNCIL UNLESS OTHERWISE INSTRUCTED. END SUMMARY.
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2. THIRD EXAMINATION OF FRENCH RESERVATIONS TO CAPITAL MOVEMENTS CODE (CMC) RESULTED IN ONLY MINOR MODIFICATION TO TWO OF THE FOUR EXISTING FRENCH RESERVATIONS TO THE CMC. REF B DESCRIBES THESE FOUR LIST A AND LIST B RESERVATIONS TO CMC, TOGETHER WITH A FIFTH RESERVATION LODGED BY FRANCE IN 1973 ON NEW SECTION V OF THE CMC (BUYING AND SELLING OF COLLECTIVE INVESTMENT SECURITIES). THESE FIVE RESERVATIONS, TOGETHER WITH THE FIVE LIST B ITEMS NOTED IN PARA 3 BELOW, BRING TO TEN THE AREAS ON WHICH CMC RESERVATIONS ARE MAINTAINED BY FRANCE. THE PC ENDORSED THE INVISIBLES COMMITTEE (IC) REPORT GIVING THE BACKGROUND ON THE INITIAL FIVE RESERVATIONS, AND WILL RECOMMEND THAT THE COUNCIL ACCEPT THE DRAFT DECISION IN ANNEX II TO REF B.

3. FRENCH DEROGATION: PC APPROVED TERMINATION OF FRENCH DEROGATION TO CMC AND SUBSTITUTION OF FIVE LIST B RESERVATIONS TO CMC IN PLACE OF REMAINING RESTRICTIONS WHICH WERE COVERED BY THE DEROGATION (REF C). U.S. DEL NOTED THAT GENERAL POINT IN LAST HALF OF PARA 10 SHOULD NOT INDICATE THAT MEASURES INFLUENCING DIRECT INVESTMENT FINANCING ARE NOT COVERED BY CMC. PC AGREED SUCH MEASURES ARE COVERED BY ARTICLE 16 OF CMC AND WILL NOTE THIS IN A SEPARATE PC REPORT WHICH WILL ALSO INVITE IC TO RECONSIDER THE POINT. HOWEVER, THIS WILL NOT AFFECT PC'S APPROVAL OF REF C REGARDING FRENCH RESERVATIONS. U.S. DEL ALSO NOTED THAT REF C DID NOT ADEQUATELY INDICATE THE EXTENT TO WHICH PRIOR EXISTING DEROGATIONS HAD BEEN REDUCED AND REPLACED BY THE LIST B RESERVATIONS NOTED IN REF C. PC AGREED THAT ITS OWN REPORT SHOULD MORE EXPLICITLY OUTLINE THE CHANGED POSITION UNDER THE CODE FOR FRANCE IN MOVING FROM DEROGATIONS TO LIST B RESERVATIONS. COVER NOTE WILL BE REVIEWED BY PC AT ITS NEXT MEETING, AFTER WHICH REF C WILL BE FORWARDED TO COUNCIL.

4. FILMS RESERVATIONS: SINCE LARGE NUMBER OF COUNTRY DELS RAISED PROBLEMS WITH PARTS OF ANNEX IV OF REF D, MATTER WILL BE RECONSIDERED AT NEXT MEETING OF PC. SECRETARIAT WILL DRAFT COVER NOTE ON COUNTRY POSITIONS
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CONCERNING RECOMMENDATIONS PG 8 REF D FOR THAT MEETING. IN ADDITION, PC WILL ALSO CONSIDER POSSIBLE NEED TO REVISE PART II OF DRAFT DECISION (PG 8 REF D) FOR SOME COUNTRIES (AUSTRALIA, ITALY, PORTUGAL). COUNTRY COMMENTS: (A) AUSTRALIAN DEL COULD NOT ACCEPT INVITATION TO AMEND THE RESERVATION ON FOREIGN-PRODUCED ADVERTISING (PGS 18 AND 16 OF REF D). HE ALSO NOTED THAT RESERVATION WAS MAINTAINED FOR CULTURAL, NOT ECONOMIC REASONS,

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ALTHOUGH HE ACKNOWLEDGED THAT HIS AUTHORITIES INTEND TO MAINTAIN RESTRICTIONS ON FOREIGN-PRODUCED ADVERTISING FILMS PARTLY IN ORDER TO PROMOTE DEVELOPMENT OF DOMESTIC FILM INDISTRY. HE MADE STRONG STATEMENT THAT HIS AUTHORITIES BELIEVE FOREIGN FILM PRODUCERS COVER COSTS ELSEWHERE AND CONSIDER AUSTRALIA TO BE A MARGINAL MARKET. HOWEVER, HE STOPPED SHORT OF ACCUSING FOREIGN PRODUCERS OF PRICING THEIR PRODUCTS AT MARGINAL COST IN AUSTRALIA. (B) U.S. RAISED POINTS IN REF I; LANGUAGE RE U.S. LEGISLATIVE AUTHORITY WILL BE REVISED IN PGS 27 AND 29 REF D ACCORDINGLY. (C) ITALY PREFERRED THAT LAST SENTENCE PAGE 32 BE USED IN PLACE OF STATEMENT CONCERNING ITALY IN DRAFT DECISION (PG 8, REF D). PORTUGAL MADE STRONG STATEMENT SUPPORTING CULTURAL BASIS FOR RESERVATIONS AFFECTING FILMS. SAID MANY FOREIGN FILMS, WHEN DUBBED IN PORTUGUESE, TEND TO BE DUBBED IN BRAZILIAN PORTUGUESE (FOR THE LARGER MARKET THERE) RATHER THAN THE PURE PORTUGUESE; THEREFORE, RESTRICTIONS ON IMPORTING DUBBED FILMS MUST REMAIN. INDICATED HE HAD NO INSTRUCTIONS ON WHETHER HIS AUTHORITIES WOULD ACCEPT THE RECOMMENDATION FOR PORTUGAL PG 6 OF REF D, BUT BELIEVED THEY WOULD NOT.

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5. INSURANCE LIBERALIZATION: PC ACCEPTED REF E WITHOUT

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SUBSTANTIVE COMMENT. CHAIRMAN HAD WISHED TO MAKE A
POSITIVE SUGGESTION TO THE COUNCIL IN RESPONSE TO PROBLEM
RAISED PARA 16 REF E, BUT PC NOT ABLE TO SUGGEST STEPS
WHICH WOULD IN ANY WAY LEAD TO A CHANGE IN THE SITUATION
AS REPORTED THEREIN. THIS IN EFFECT MEANS THAT OECD WORK
ON MOST MATTERS IN THE INSURANCE FIELD WILL BE POSTPONED
PENDING FURTHER DEVELOPMENTS ON INSURANCE IN THE EEC
WHICH MIGHT PRMIT EEC MEMBERS IN OECD TO AGREE TO
ADDITIONAL LIBERALIZATION STEPS ON INSURANCE. LIMITED
OECD WORK WILL CONTINUE ON QUESTIONS SUCH AS COOPERATION
BETWEEN SUPERVISORY AUTHORITIES AND LIABILITY FOR OIL
POLLUTION DAMAGE. MEETINGS OF INSURANCE COMMITTEE WILL
PROBABLY BE CUT BACK TO ONE PER YEAR, WHILE A LIMITED
NUMBER OF WORKING GROUPS MAY MEET FROM TIME TO TIME ON
AREAS NOT HELD UP BY ON-GOING EEC WORK ON INSURANCE.

6. INSURANCE SUPERVISORY COOPERATION: MOST DELS INDI-
CATED THEY COULD ACCEPT PROPOSED COUNCIL DECISION IN
AMONG SUPERVISORY AUTHORITIES OF OECD MEMBERS. NEW ZEA-
LAND AND TURKISH DELS DID NOT HAVE INSTRUCTIONS. U.S.
DEL MADE POINT RAISED PARA 3 REF I; SECRETARIAT AFFIRMED
THAT LEGAL POSITION OF U.S. IS PROTECTED BY ANNEX C OF
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CMC IN EVENT THAT U.S. ACCEPTS COUNCIL DECISION BUT IS
UNABLE TO COMPLY FULLY. OTHER ALTERNATIVE WOULD BE FOR
U.S. TO ABSTAIN FROM VOTING ON THE DECISION, IN WHICH
CASE THE DECISION WOULD GO FORWARD, BUT WOULD NOT APPLY
TO U. S. BASED ON REF I, MISSION WILL ACCEPT DECISION
IN COUNCIL, SUBJECT TO APPLICATION OF ANNEX C IN CMC.

7. NETHERLANDS PAYMENTS CHANNELS: PC ACCEPTED REF G
WITHOUT SUBSTANTIVE COMMENT.

8. OTHER BUSINESS: PC REJECTED AS PREMATURE A PROPOSAL
BY SECRETARIAT THAT PC RECOMMENT COUNCIL DERESTRICTION OF
REF H. MOST DELS THOUGHT QUESTION OF DERESTRICTION THIS
IC REPORT ON INTERNATIONAL DIRECT INVESTMENT SHOULD
BE TREATED SEPARATELY FROM REQUEST THAT COUNCIL NOTE REPORT
AND PASS IT ON TO XCSS (ALREADY SCHEDULED FOR COUNCIL
MEETING EARLY APRIL). PROPOSAL ON DESRESTRICTION AT THIS
STATE MIGHT HOLD UP COUNCIL CONSIDERATION OF REF H EVEN
FURTHER.
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